

## Message Text

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73

ACTION EUR-25

INFO OCT-01 ADP-00 CIAE-00 DODE-00 PM-09 H-02 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-12

AID-20 COME-00 EB-11 FRB-02 TRSE-00 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 OMB-01 SCEM-02 INT-08 RSR-01

/165 W

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R 102024 Z MAY 73

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 1030

UNCLAS OTTAWA 1147

E. O. 11652: N/A

TAGS: EGEN, CA, US

SUBJECT: US- CANADA ECONOMIC ISSUES: PRESS COVERAGE  
OF TESTIMONY BY TREASURY SECRETARY SHULTZ

BEGIN SUMMARY: GOBE & MAIL ARTICLE MAY 10, REPORTING  
TESTIMONY OF TREASURY SECRETARY SHULTZ BEFORE HOUSE  
WAYS & MEANS COMMITTEE, SAYS SECRETARY EXPLICITLY  
LINKED ENERGY WITH OTHER US- CANADA TRADE ISSUES. ALSO  
SAYS SHULTZ TOLD COMMITTEE " USG HADN' T GOT ANYWHERE"  
IN BILATERAL TRADE TALKS WITH CANADIANS BUT HE SAW  
IMPROVED ABILITY TO WORK WITH PRESENT GOC LEADERSHIP.  
END SUMMARY.

1. ACCORDING TO ROSS MUNRO STORY, TREASURY SECRETARY  
SHULTZ IN MAY 9 TESTIMONY " EXPLICITLY LINKED US NEED  
FOR CANADIAN ENERGY TO CANADA' S NEED TO EXPORT  
MANUFACTURED GOOD TO UNITED STATES." MUNRO SAYS  
SECRETARY TOLD COMMITTEE USG HAD OBTAINED SOME TRADE  
CONCESSIONS FROM EUROPE AND JAPAN BUT " WE HAVE HAD  
REALLY NO RESPONSE FROM CANADIANS. WE HAVEN' T GOT  
ANYWHERE AT ALL WITH THEM."

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2. MUNRO SAYS SECRETARY SHULTZ DREW DIRECT LINKAGE BETWEEN US ENERGY NEED AND CANADIAN ACCESS TO US MARKET FOR MANUFACTURES WHEN ASKED BY CONGRESSMAN CLANCY HOW UNITED STATES SHOULD DEAL WITH CANADA.

3. REFERRING TO AUTOMOTIVE AGREEMENT, SHULTZ REPORTEDLY SAID USG DISSATISFIED WITH ITS OPERATION BUT IF REVISED " IT COULD BE MODEL OF WHAT WE COULD DO IN FUTURE TRADE RELATIONS." SECRETARY ALSO REPORTEDLY TOLD COMMITTEE PROPOSED TRADE REFORM BILL SHOULD STRENGTHEN US HAND WITH CANADA AND " AROUND THE WORLD."

4. GLOBE & MAIL SAYS CANADIAN REPORTERS SUBSEQUENTLY ASKED SECRETARY SHULTZ WHETHER HE HAD ANYTHING SPECIFIC IN MIND WITH REGARD TO LEGISLATION AND TRADE NEGOTIATIONS WITH CANADA. SECRETARY REPORTEDLY REPLIED, " NO, I THINK WE' RE DEVELOPING AN IMPROVED ABILITY TO WORK WITH CANADA AS COMPARED WITH A COUPLE OF YEARS AGO." SECRETARY SHULTZ REPORTEDLY REFERRED TO FINANCE MINISTER TURNER AND MINISTER INDUSTRY, TRADE & COMMERCE GILLESPIE, SAYING " THESE SEEM TO BE PEOPLE WE CAN WORK WITH--- IDENTIFYING PROBLEMS, TRYING TO SOLVE THEM."

5. MUNRO SAYS CANADIAN EMBASSY SPOKESMAN WAS " ALARMED" THAT SECRETARY SHULTZ SAID USG HAD RECEIVED " NO RESPONSE" FROM CANADA ON TRADE PROBLEMS. SPOKESMAN SAID RECENT GOC TARIFF CUT HAD BEEN ADVERTISED IN WASHINGTON AS INTENDED TO BE " HELPFUL CONTRIBUTION" TO BILATERAL TRADE SITUATION.  
SCHMIDT

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